

AR14

PanCanadian

INTERIM REPORT

For the Nine Months Ended
September 30, 1976

PanCanadian Petroleum Limited

P.O. Box 2850
Calgary, Alberta
T2P 2S5

FIRST CLASS



Financial Editor
Globe and Mail
444 Front Street West
Toronto, Ontario
M5V 5S9

G.M.L.

PanCanadian Petroleum Limited

NINE MONTHS COMPARATIVE HIGHLIGHTS

FINANCIAL (thousands of dollars)	1976	1975
Gross revenue.....	\$144,671	\$111,828
Funds from operations.....	93,765	63,258
Per share.....	3.00	2.03
Net income.....	59,340	43,908
Per share.....	1.90	1.41
Capital expenditures.....	87,840	42,088

PRODUCTION AND SALES

(net daily average)	
Oil and natural gas liquids — bbls.	39,270
Natural gas — MMcf.....	224
	228

PanCanadian drilled or participated in the drilling of 780 wells of which 265 were exploratory ventures and 515 were development wells during the nine months ended September 30, 1976. The exploration program resulted in 175 gas wells and 8 oil wells and the development program yielded 385 gas wells, 68 oil wells and 25 facility wells.

In Canada, exploration and development of the Company Lands in Southern Alberta continues in many areas, including Carlsland, Strathmore, Redland-Entice and Provost. In addition to numerous gas successes, encouraging oil shows were encountered and are being evaluated in the Bantry, Lake McGregor, Atlee-Buttalo and Alderson areas. In the Alberta Foothills, testing operations are underway at the Gulf PCP POC Ghost well at 15-7-27-7 W 5. PCP at Findley 16-23-57-6 W 6 is also being evaluated and two more wells are scheduled to commence in the area this year. The Company is participating in wildcats underway in the Antler Creek and Benjamin Creek areas, which are located in the Central Foothills, and a well at Narraway in the Northern Foothills is scheduled to spud before year end. The Wagnark well in the Mackenzie Delta is being abandoned and the Delta 5 group expects to commence operations at a third well in the area, late in 1976.

In the United States, PanCanadian Fuller Reservoir Unit II #22-25 in Fremont County, Wyoming, has been completed as a potential Lower Fort Union gas well. A five company group has been formed, of four U.S. companies with PanCanadian as operator, to explore the prospective Overthrust Belt area of Wyoming, Idaho and Utah. In Mississippi, a well is being drilled in Scott County as part of a series of joint venture tests to explore the Snackover trend in the Southeastern United States.

Offshore Texas, PanCanadian and partners are currently drilling a well on Block 809 in the Mustang Island area, and an appraisal well is planned for Block A-368 in the High Island area. The Company is currently participating in a stratigraphic test in the Northern Gulf of Alaska, adjacent to one of the three blocks in which PanCanadian acquired an interest at the April Federal Outer Continental Shelf Lease Sale. Two blocks were jointly purchased in the Baltimore Canyon area offshore the United States East Coast at the August sale, and the group is acquiring the necessary permits to begin drilling next year. Drilling permits are also being acquired to drill on our California offshore acreage in 1977.

During the third quarter, 11 gas wells in the Alderson Area and two in the Countess Area went on production, netting PanCanadian 4.4 million cubic feet a day. In the Princess West area, 29 gas wells were placed on stream, producing approximately 3.0 million net cubic feet a day.

Due to adverse conditions that developed in 1976 with respect to the sale in the United States of the production from the Brooks Ammonia Project, management has recently decided to defer on-site construction of this plant. Equipment and design costs incurred to September 30, 1976 amounted to \$42,000,000 and the Company has amortized these costs to the extent of \$8,000,000 during 1976. Unless the ammonia market in the United States improves, the plant may be disposed of without any significant loss.

Robert W. Campbell
Chairman of the Board and
Chief Executive Officer
J. M. Taylor
President
October 15, 1976

CONSOLIDATED FINANCIAL SUMMARY

(thousands of dollars)

Balance Sheet

Current assets	
Current liabilities	
Working capital (deficiency)	
Property, equipment and other assets	
Long term debt	
Deferred credits	

Shareholders' equity

Shares outstanding

Changes in Financial Position

Source of working capital:

Funds from operations.....	
Long term debt	
Other	

Application of working capital:

Capital expenditures — net	
Reduction of long term debt.....	
Dividends.....	
Other	

Increase (decrease) in working capital

Statement of Income

Gross revenue.....	
Operating and administrative expenses	
Interest expense.....	
Depreciation, amortization and depletion expenses.....	
Income before income taxes	
Provision for income taxes	
Net income	
Per share	

CONSOLIDATED OPERATING SUMMARY

Production and sales — net daily average

Oil — bbls.....	
Natural gas liquids — bbls.	
Natural gas liquids — Empress Plant — bbls	
Natural gas — MMcf	

September 30

1976	1975
\$ 61,167	\$ 45,119
76,999	29,633
(15,832)	15,486
433,559	329,605
417,727	345,091
83,075	85,758
112,636	94,565
\$ 222,016	\$ 164,768
31,219,534	31,219,534
For the Nine Months Ended September 30	
1976	1975
\$ 93,765	\$ 63,258
5,000	—
—	500
98,765	63,758
87,840	42,088
3,354	4,187
13,423	13,423
355	322
104,972	60,020
\$ (6,207)	\$ 3,738
\$ 144,671	\$ 111,828
30,590	23,757
8,024	6,604
23,262	14,249
61,876	44,610
82,795	67,218
23,455	23,310
\$ 59,340	\$ 43,908
\$1.90	\$1.41

“Unaudited”